



## Opportunities In The Australian Market

Delaware – Australian Trade Representative  
Foley & Associates Pty Ltd



# Background

Established in Sydney in 2002, Foley & Associates (F&A) is a registered Australian company which offers international trade and business advisory services to international organizations wishing to do business in both Australia and New Zealand.

F&A has assisted well **over 1,000 international organisations** in the region as they seek to:

- ✓ Introduce new products or services to current customers;
- ✓ Introduce current products or services to new market sectors;
- ✓ Gain up-to-date market intelligence;
- ✓ Participate in in-country independent or group visits;
- ✓ Resolve challenges they may be experiencing with customers or partners; or
- ✓ Gain a better understanding about changes in market conditions that may impact their sales (e.g. changes to the regulatory environment etc).



# Background

Foley & Associates act as trade advisors and/or investment attraction partners on an ongoing basis for a number of International Economic Development Agencies out of the US and Europe.

## In the US:

- Great Lakes St. Lawrence Governors & Premiers (GSGP)
- Commonwealth of Pennsylvania
- Virginia Economic Development Partnership (VEDP)
- Wisconsin Economic Development Corporation (WEDC)
- Maryland Department of Commerce
- Michigan Economic Development Corporation (MEDC)
- Export Delaware (Delaware Department of State)

## In Europe:

- Basque Trade and Investment (Spain)
- Business Finland (Finland)
- Invest Northern Ireland (UK)
- Marketing Birmingham (UK)



# Background

We assist our clients grow their business across a wide range of industries and sectors in Australia & New Zealand, including (but not limited to) the following:

<b>Advanced Manufacturing</b>	<b>Building &amp; Construction</b>	<b>Clean Energy &amp; Technology</b>	<b>Engineering</b>	<b>ICT / Digital</b>	<b>Railway</b>
<b>Agriculture</b>	<b>Consumer Goods</b>	<b>Defence &amp; Security</b>	<b>Food &amp; Beverage</b>	<b>Industrial Equipment</b>	<b>Services</b>
<b>Automotive</b>	<b>Chemical</b>	<b>Education</b>	<b>Healthcare &amp; Pharma</b>	<b>Mining, Oil &amp; Gas</b>	<b>Textile &amp; Clothing</b>

# Australian Market – Strengths & Benefits

**Strengths** of the Australian market include:

- ✓ Strong economic growth over extended period
- ✓ Strong business & consumer base
- ✓ Strong technology sector
- ✓ Similar language, culture and business practices
- ✓ High personal wealth
- ✓ Strong intellectual property (IP) protection
- ✓ 'Ease of doing business'



**Benefits** for U.S. exporters to Australia include:

- ✓ Proximity to Asia Pacific economies
- ✓ Familiar products and service providers
- ✓ Common language and similar culture
- ✓ Similar business & legal practices
- ✓ Similar technical standards



# Australia

Australia is the **6th largest country** in the world (by size)  
*after Russia, Canada, China, USA & Brazil*

*The world's largest island!*



**Total Population\*:** ~25 million

(USA ~327 million, Delaware ~970,000)

The three most populous states account for ~78% of the total population:

- **New South Wales (NSW):** ~7.9 million residents (32%)
- **Victoria (VIC):** ~6.4 million residents (26%)
- **Queensland (QLD):** ~5 million residents (20%)

\*According to most current [ABS Statistics](#) (30 December 2017)

# Australian Economy



Australian economy in its **27<sup>th</sup>** year of consecutive annual economic growth.

Rated **AAA** by all three global rating agencies.

Forecast to realise average **annual real GDP growth of 2.8%** over the next five years - the highest among major advanced economies.

It is the **5<sup>th</sup>** largest economy in the **Asian region**, and **13<sup>th</sup>** largest in the world.

Australia's **nominal GDP** is **~US\$1.5 trillion**, accounting for **1.8%** of the global economy.

*Source: Austrade - [Why Australia: Benchmark Report](#), 2018*

# Australian Economy

## AUSTRALIA'S GLOBALLY SIGNIFICANT INDUSTRIES

Australia is **globally successful in five key industries:**

- ✓ **Resources & energy**
- ✓ **Agribusiness**
- ✓ **Financial services**
- ✓ **Education**
- ✓ **Tourism**



MERCHANDISE EXPORT – AGRICULTURAL PRODUCTS (US\$33.8 billion, 2016)  
TOP 12 IN THE WORLD<sup>1</sup>

Source: UN Comtrade Database



FOREIGN STUDENTS IN TERTIARY EDUCATION (6.4% of the world's total, 2015)  
THIRD LARGEST IN THE WORLD

Source: UNESCO, Institute for Statistics



INTERNATIONAL TOURISM RECEIPTS (US\$32.4 billion, 2016)  
10TH LARGEST IN THE WORLD

Source: UNWTO Tourism Highlights 2017 Edition



AUSTRALIA'S INVESTMENT FUND ASSETS (US\$1.8 trillion, June 2017)  
SIXTH LARGEST IN THE WORLD

Source: Investment Company Institute, Quarterly Worldwide Mutual Fund Market



MERCHANDISE EXPORT – MINING AND FUELS (US\$108.0 billion, 2016)  
TOP 3 IN THE WORLD<sup>2</sup>

Source: UN Comtrade Database

1. Ranking not including Thailand, due to unavailable data in 2016.

2. Ranking not including Saudi Arabia, due to unavailable data in 2016.

Source: Austrade - [Why Australia: Benchmark Report, 2018](#)



# Australian Economy

## Key partner for growth in Asia

International companies can tap into Australia's deep business and cultural ties with Asia

## 10 of Australia's top 12 export markets are within the Asian region

Exports to the region account for over two-thirds of Australia's total goods and services export earnings

### AUSTRALIA'S TOP 12 GOODS AND SERVICES EXPORT MARKETS – 2016

A\$, as at 2016

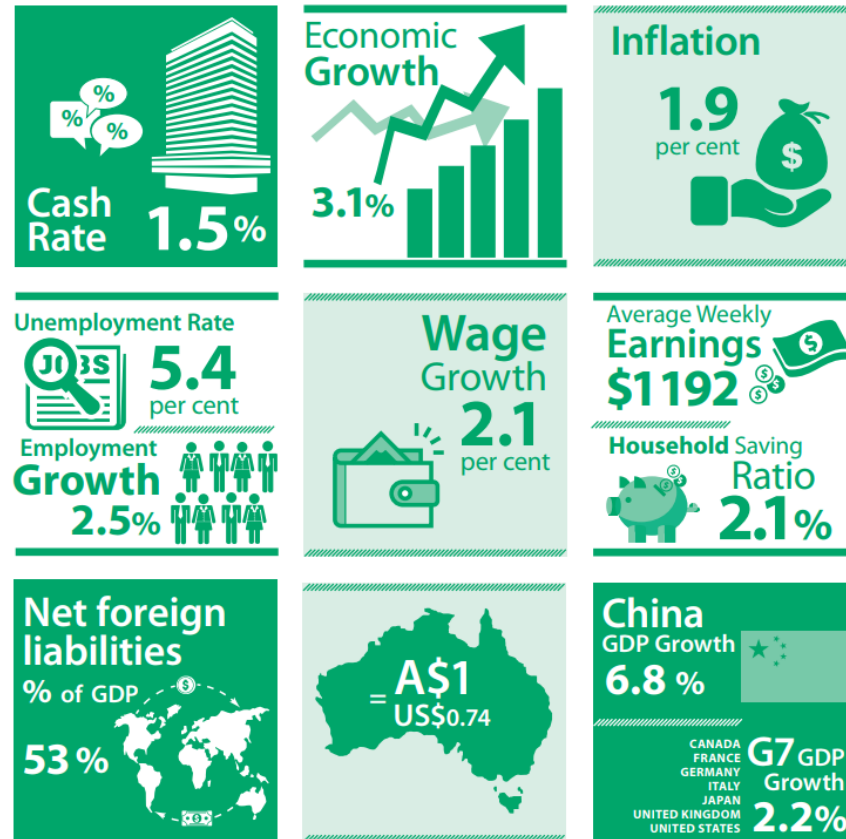


**Note:** The Asian region is defined as Asia, ASEAN and Oceania.

**Sources:** Department of Foreign Affairs and Trade, Trade, investment and economic statistics, Australia's trade in goods and services; Austrade

**Source:** Austrade - [Why Australia: Benchmark Report](#), 2018

# Key Economic Indicators



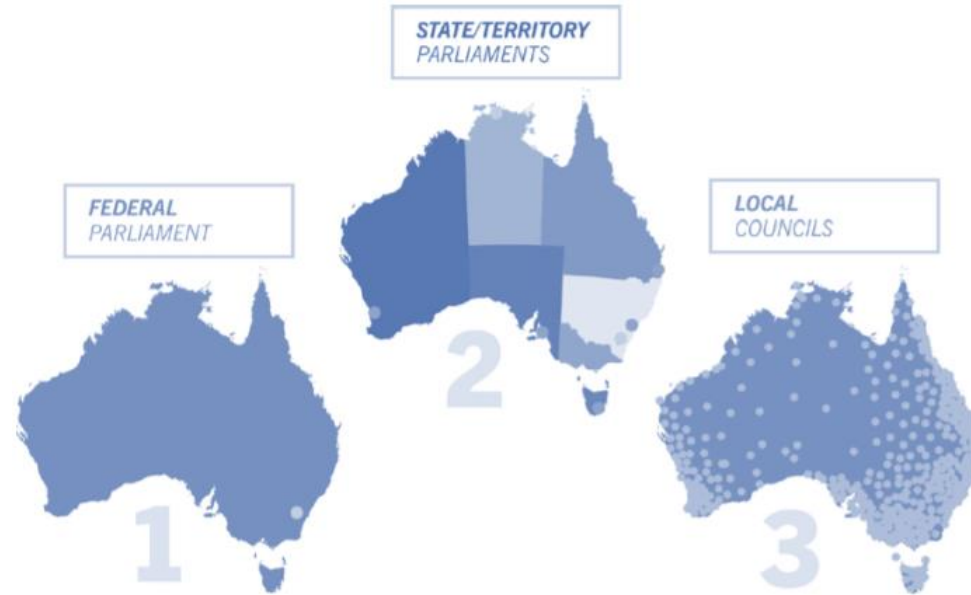
\*Earnings in US\$

Per Week: A\$1192 or ~US\$880

Per Year: A\$62,000 p.a. ~US\$46,000

Source: [RBA Economic Indicator Snapshot July 2018](#)

# Australia - Levels of Government



Federal Government	State/Territory Governments	Local Government/Councils
Border Force Security Defence Immigration Environment	Roads Public Transport Education Health Public Safety Services	Physical Infrastructure Community services Water & Sewage Waste management

# Australia – Levels of Government

## Winning Government Contracts

- All have their own tender sites: **Austender** (Federal Government tender site)



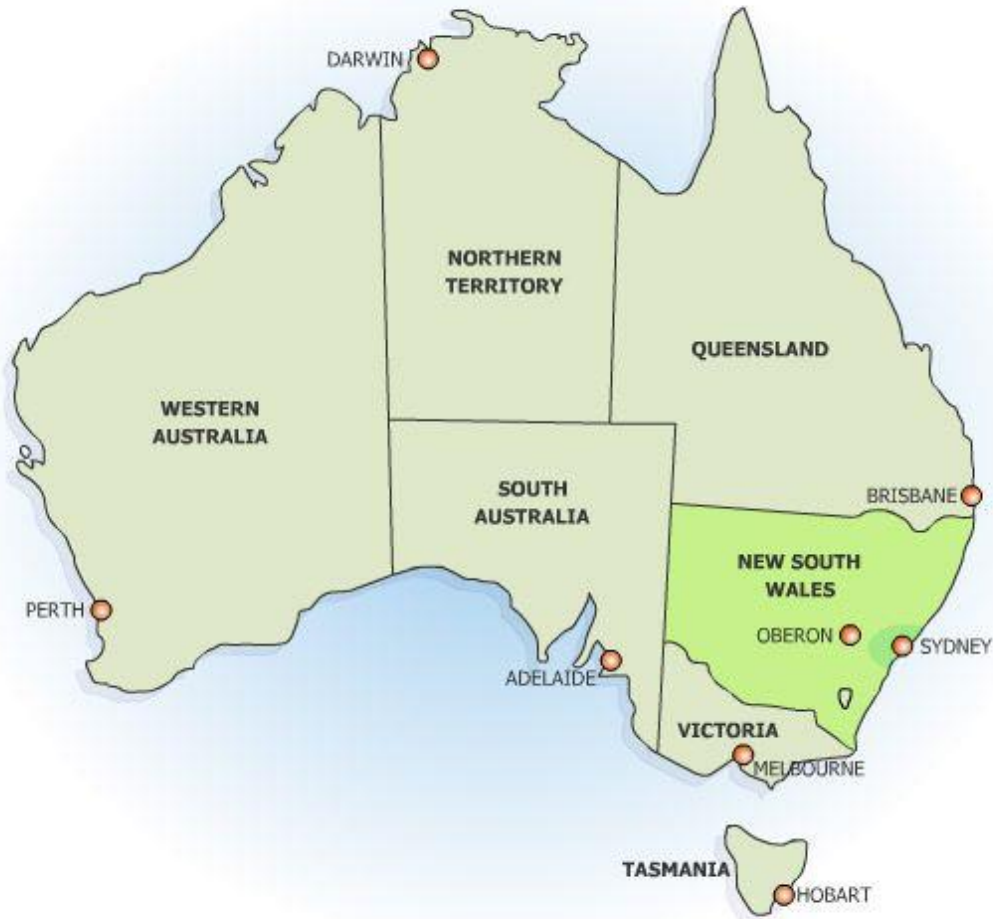
[www.tenders.gov.au](http://www.tenders.gov.au)

Australian Government's procurement information system

Provides centralised publication of Australian Government business opportunities, annual procurement plans and contracts awarded.

Register to receive automatic email notification of matched business opportunities as they are published.

# New South Wales (NSW) Economy



NSW is **Australia's largest state economy**: Gross State Product (GSP) of **~US\$450 billion** in 2016-17.

The NSW economy recorded a **strong GSP growth rate of 2.9% in 2016-17**, driven by inward migration, lower interest rates, a lower Australian dollar and a large state infrastructure program.

NSW has a **service driven economy**: services account for **~3/4 of economic activity** and **90% of employment**.

NSW is particularly strong in:

**financial services**

**professional, scientific & technical services**

**property services**

**information media**

**telecommunications sectors.**



# Victoria (VIC) Economy



The Victorian State economy has experienced **23 years of continuous economic growth**.

The economy generated **~US\$319 billion GSP** in 2016-17, accounting for **~23% of national GDP**.

In 2016-17, Victoria **exported ~US\$38 billion** (~12.9% of national exports) and **imported ~US\$75 billion** (26.4% of national imports) in goods and services.

Exports more than 80% of Australia's **dairy exports**, 48% of Australia's **horticultural exports** and 39% of Australia's prepared food exports.

Victoria's **transport equipment industry** contributes approximately US\$2.6 billion to the economy each year.

# Australia - USA Trade Relationship

The [Australia-United States Free Trade Agreement](#) (AUSFTA), enacted in January 2005, has improved cooperation in bilateral trade and investment by eliminating/reducing duties and tariffs on manufactured goods, agricultural products, metals/minerals etc.

## 2016-17 Australia-US highlights:

1. Australia was the 17<sup>th</sup> principal export destination and the 31<sup>st</sup> principal import source for the USA.
2. Services totalled ~US\$18.7 billion in 2016-17
3. Merchandise trade totalled ~US\$33.5 billion
4. Australian investment in the USA totalled ~US\$484 billion
5. USA investment in Australia totalled ~US\$675 billion



**The United States is Australia's largest investment partner and its second largest trade partner.**

# Australia – USA Trade Relationship

## Major US imports from Australia

- Beef
- Other meat
- Aircraft, spacecraft & parts
- Pharmaceutical products (excl. medicaments)



## Major US exports to Australia

- Passenger motor vehicles
- Aircraft, spacecraft & parts
- Medical instruments
- Telecom equipment
- Measuring & analyzing instruments



**Source:** Australian Government Department of Foreign Affairs and Trade – [United States of America Trade and Economic Fact Sheet](#), 2018

# Australia & Delaware - Trade

Australia is Delaware's #30 export market globally and #9 export market in the Asia Pacific region.

In 2017, Delaware's **key exports** to Australia were:

- **Computer and Electronic Products (39%)**
- **Chemicals (26.6%)**
- **Transportation Equipment (17.1%)**
- **Machinery (excluding electrical) (7.2%)**

Source: [TradeStats Express – State Export Data](#)

# Hot Sectors in Australia

## MAJOR INFRASTRUCTURE – FEDERAL GOVERNMENT FUNDED

Federal Government's 10-year [National Infrastructure Plan](#), ~US\$57bn investment program announced as part of the 2018-19 Budget focused on building new and upgrading existing transport infrastructure across all eight Australian States and Territories.



**Key projects** prioritized in the 10-year infrastructure investment pipeline include:

- [Melbourne Airport Rail Link](#) (Victoria);
- Perth [METRONET](#) (Western Australia);
- [Coffs Harbour Bypass](#) (New South Wales); and
- [Beerburrum to Nambour Rail Upgrade](#) (Queensland).

## OPPORTUNITIES EXIST FOR DELAWARE COMPANIES IN THE FOLLOWING AREAS:

- |  |   |
|--|---|
| ✓ INDUSTRIAL EQUIPMENT & AUTOMATED SYSTEMS | ✓ TRANSPORT PLANNING & TRANSPORTATION EQUIPMENT   |
| ✓ CIVIL ENGINEERING & CONSTRUCTION         | ✓ ENERGY EFFICIENCY & REMOTE MONITORING SOLUTIONS |



# Hot Sectors in Australia

## MAJOR INFRASTRUCTURE - CITY PLANNING (SYDNEY)

**From one city of Sydney to three “cities of Sydney” – New building plans in place**

The population of the Greater Sydney region is forecast to grow from 5 million currently, to 6 million within the next 20 years.



The [Three Cities Plan](#) is the central and organizing principle of the [Greater Sydney Commission](#), which was established in 2016 to lead and **co-ordinate a metropolitan planning strategy** aimed at **maximizing economic growth** whilst improving Sydney’s **liveability, sustainability and productivity**.

The Commission has emphasized the importance of **Private Public Partnerships (PPPs)** to deliver innovative solutions for major, city-shaping projects

### OPPORTUNITIES EXIST FOR DELAWARE COMPANIES IN THE FOLLOWING AREAS:

- ✓ INDUSTRIAL EQUIPMENT & AUTOMATED SYSTEMS
- ✓ TRANSPORT PLANNING
- ✓ CIVIL ENGINEERING & CONSTRUCTION
- ✓ ENERGY EFFICIENCY & REMOTE MONITORING SOLUTIONS

# Hot Sectors in Australia

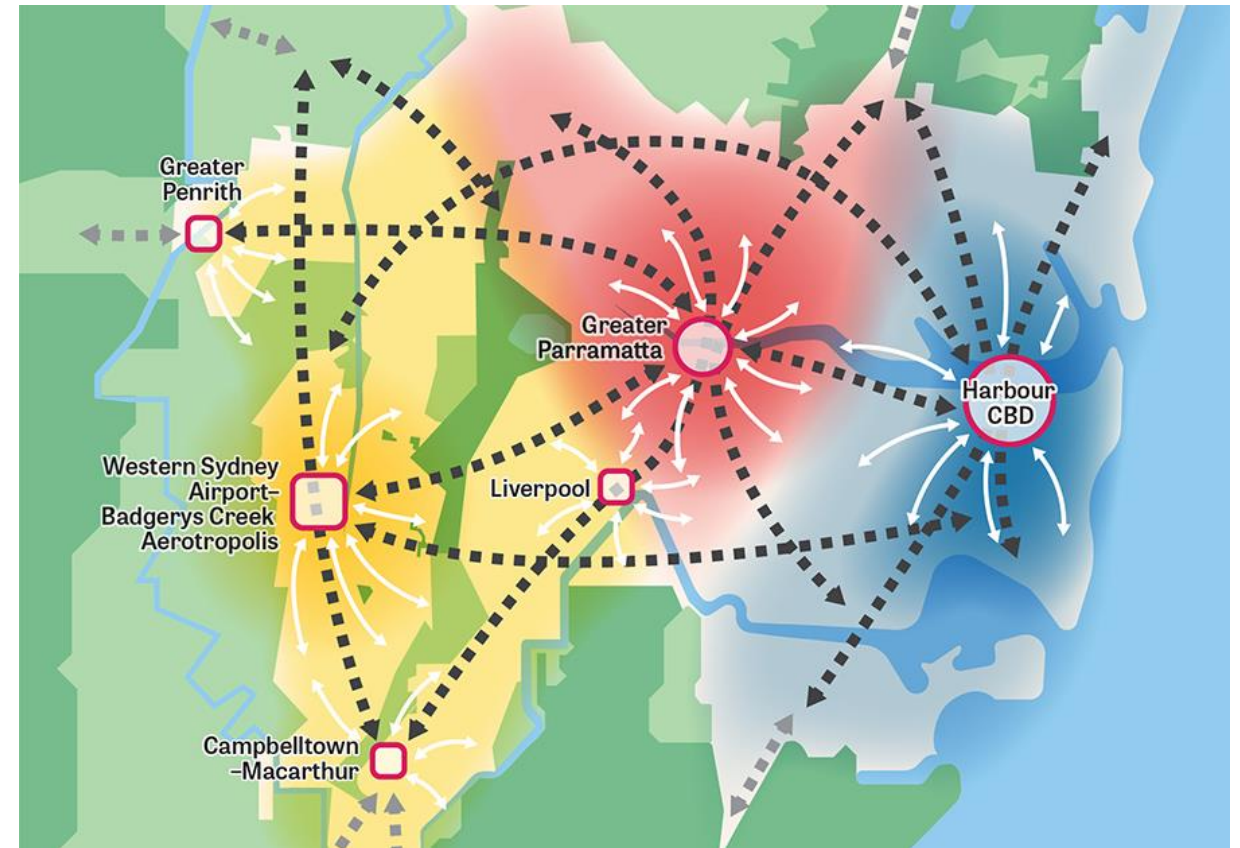
## MAJOR INFRASTRUCTURE - CITY PLANNING (SYDNEY)

### Priorities:

**Connectivity**: Connecting the Western City through innovative road, trail, public transport, aviation and digital infrastructure.

**Construction & Planning**: Creation of an Aerospace Institute at the Badgerys Creek Aerotropolis, which will include a world-class STEM university; US\$538m investment to plan, design and upgrade ~20 schools;

**Livability and Environment**: Supporting new community infrastructure under the A\$150m (~US\$115m) Western Parkland City Liveability Program.



# Hot Sectors in Australia

## HEALTHCARE / MEDICAL TECHNOLOGY

Total spending on health in Australia was ~US\$125 billion in 2015–16. Aged care is a priority.

Health expenditure, as a proportion of GDP, is expected to double over the next 40 years.

Australia is a **major importer** of medicines, medical devices and equipment.

**~80% of medical devices & diagnostics used in the market are imported** (major suppliers are the US, the EU and Japan).

### OPPORTUNITIES EXIST FOR DELAWARE COMPANIES IN THE FOLLOWING AREAS:

- ✓ PHARMACEUTICALS / DIAGNOSTICS / MEDICAL EQUIPMENT / PREVENTATIVE HEALTHCARE PRODUCTS
- ✓ IT & SOFTWARE PRODUCTS FOR HEALTHCARE MANAGEMENT
- ✓ AGED CARE BASED PRODUCTS/SERVICES
- ✓ CLINICAL TRIALS



# Hot Sectors in Australia

## ICT / DIGITAL TECHNOLOGY



Australia is the **5th largest ICT market** in the Asia-Pacific region.

The Australian Government ICT spending is expected to reach ~US\$4.6 billion by 2018

The banking, finance & insurance segment remains the largest vertical in Australia with regard to ICT spending.

Government projects in sectors such as e-government, health & education will drive significant opportunities for the IT sector in Australia.

### OPPORTUNITIES EXIST FOR DELAWARE COMPANIES IN THE FOLLOWING AREAS:

- ✓ E-GOVERNMENT
- ✓ EDUCATION
- ✓ CLOUD COMPUTING & DIGITAL INFRASTRUCTURE
- ✓ NEW SOLUTIONS IN E-HEALTH
- ✓ CYBERSECURITY

# Hot Sectors in Australia

## AGRIBUSINESS AND FOOD SECTOR

- Australia – significant **global exporter of wheat**, wool and meat. ~60% of Australia's agricultural production is exported.
- Australia aims to respond to the increased **demand for high-quality food from Asia** (especially China), which will create the need for new technologies and manufacturing processes to increase productivity & reduce costs.
- Australia's recent free trade agreements with Korea, Japan, and China create additional opportunities for Australian farmers to increase agricultural production and exports.
- **Australia imports ~95% of the agricultural equipment & machinery** (incl. tractors)
- Australian agriculture is a ~US\$43 billion industry today and is expected to double in value by 2030 (CEO, NSW Farmers).



**OPPORTUNITIES EXIST FOR DELAWARE COMPANIES IN THE FOLLOWING AREAS:**

- ✓ AGRICULTURAL MACHINERY
- ✓ ADVANCED FOOD PROCESSING
- ✓ SUSTAINABLE TECHNOLOGIES
- ✓ PRODUCT INNOVATION & DEVELOPMENT



# Hot Sectors in Australia

## MINING

- Australia is a global top five producer of gold, iron ore, lead, zinc and nickel and also has the world's largest uranium and fourth largest black coal resources, respectively.
- **4<sup>th</sup> largest mining country in the world** (after China, the United States and Russia), Australia will have ongoing demand for high-tech equipment.
- ~370 operating mine sites across the country with majority of mines in Western Australia (WA), Queensland (QLD) and New South Wales (NSW).
- Major **capital-type goods including heavy earth moving equipment are typically imported and/or locally assembled** by subsidiaries of foreign companies. Major players such as Caterpillar, Komatsu, Wirtgen, Joy Global and Liebherr have a strong presence in the market.
- Strong interest in **automation technology** such as driverless vehicles (trucks and trains), drills and excavation equipment.



**OPPORTUNITIES EXIST FOR DELAWARE COMPANIES IN THE FOLLOWING AREAS:**

- ✓ MINING MACHINERY
- ✓ AUTOMATION TECHNOLOGY
- ✓ MAINTENANCE EQUIPMENT
- ✓ PRODUCT INNOVATION & DEVELOPMENT

# Hot Sectors in Australia

## WASTE MANAGEMENT

- Australia is one of the highest producers of **municipal waste** per person in the world (650 kilograms per person).
- **Waste management** is a hot topic in Australia with almost half of all waste disposed to landfill creating challenges in urban areas and across the country.
- Over the past 5 years, most state governments have introduced targets to **reduce waste sent to landfill**.



### OPPORTUNITIES EXIST FOR DELAWARE COMPANIES IN THE FOLLOWING AREAS:

- ✓ MATERIAL HANDLING
- ✓ WASTE TRANSFORMATION
- ✓ RECYCLING TECHNOLOGY
- ✓ PRODUCT INNOVATION & DEVELOPMENT

# Hot Sectors in Australia

## SPACE INDUSTRY

According to the [Space Industry Association of Australia](#) (SIAA), Australia is one of only two OECD countries that does not currently have a national space agency.

In September 2017 the government [committed to establishing](#) a dedicated **Australian Space Agency** to act as an “*anchor for domestic coordination and the front door for international engagement*”.

The [Australian Space Industry Capability Review](#) identified some areas where Australia currently has weaknesses. These areas may present the most opportunity for exporters, and include:

- Low orbit satellites & related services;
- Design of instrumentation & sensors;
- Design, testing & manufacture of small satellites;
- On-board data processing & launch
- Tracking of space debris;
- Integration of space sourced data into ground-based applications;
- Robotics;
- Big data analysis; and
- Optical Communications;



**OPPORTUNITIES EXIST FOR DELAWARE COMPANIES IN THE FOLLOWING AREAS:**

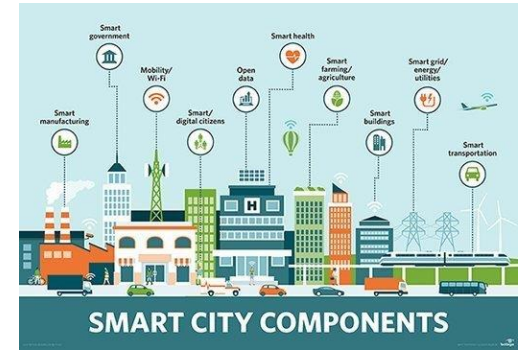
- ✓ SATELLITES
- ✓ COMMUNICATIONS
- ✓ BIG DATAANALYTICS
- ✓ ROBOTICS

# Hot Sectors in Australia

## SMART CITIES

The Federally Funded “Smart Cities and Suburbs Program” has grouped products and solutions that they will be looking to fund into 4 groups.

1. **Smart Infrastructure:** Improving the efficiency, reliability, delivery and maintenance of infrastructure and essential services.
2. **Smart Precincts:** Making community precincts more liveable, productive, sustainable and safe.
3. **Smart Services and Communities:** Delivering community focussed local government services.
4. **Smart Planning and Design:** Building adaptable and resilient cities through improved land use, strategic planning and governance.



**OPPORTUNITIES EXIST FOR  
DELAWARE COMPANIES IN THE  
FOLLOWING AREAS:**

- ✓ INFRASTRUCTURE
- ✓ SENSORS
- ✓ SMART ENERGY
- ✓ DATA MANAGEMENT

# Australia – Tips for Doing Business

## KEY DIFFERENCES / CONSIDERATIONS

### Size of the Country and Market

- Geographically, Australia is roughly proportionate to the size of the continental U.S. However, the Australian population is closer to that of Texas.
- In addition to the vast population difference, Delaware companies are also encouraged to consider the size of Australian industry which is also much smaller in scale when compared to the US, Europe or its Asian neighbours.

### Seasons

- Australia has a moderate climate.
- Australia's seasons are opposite to the US, which impacts purchasing times.

### Currency Fluctuations

- Fluctuations in currency exchange rates impact when, and from whom, Australian companies buy.

### Units of Measurement

- Australia uses the metric system of measurement.



# Australia – Tips for Doing Business

## Taxation

- Goods and Services Tax (GST) is a broad-based tax of 10% that is applied to most goods, services and items sold or consumed in Australia.
- Income tax and corporate tax are decided on a national basis by the Federal Government.

## Margins/ Commissions/ Exclusivity

- Australian importers and distributors tend to apply very high mark-ups to products when compared to the US.
- Most employees/agents are on a salary and commission.
- Exclusivity will be discussed and often requested based on geography or industry sector.



## Suitability of Equipment for Local Conditions

- It is important to do your homework on whether your products are suited to local conditions and/or if they may need to be adapted to meet local requirements, legislation and business practice.

# Australia – Tips for doing business

In order to win business in Australia, Delaware companies are encouraged to research:

- The end-customer demographic;
- The location of potential partners, sales and warehousing capability, and their proximity to end-customer base;
- Competitors' strategies and approaches to the market;
- Best shipping options including air and water along with shipping port locations; and
- Pricing.



- We also encourage you to VISIT!



# Australia – Tips for Doing Business

## Culture

- Australian business culture is open and offers very few barriers to entry plus a familiar legal and corporate framework
- Australians are generally direct when it comes to business – don't be offended
- Appreciated if you take the time to familiarize yourself with local sports/current affairs.



# AUSTRALIA FUN FACTS



# Thank You - Questions



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